

## Audit & Governance Committee

Meeting of held on Thursday, 18 July 2024 at 6.30 pm in Council Chamber, Town Hall,  
Katherine Street, Croydon, CR0 1NX

### MINUTES

**Present:** Dr Olu Olasode (Independent Chair) ;  
Councillor Matt Griffiths (Vice-Chair);  
Councillor Sean Fitzsimons, Enid Mollyneaux, Ria Patel and  
Nikhil Sherine Thampi and Mark Johnson

**Also Present:** Councillor Jason Cummings

**Apologies:** Councillor Claire Bonham and Simon Brew

### PART A

75/24 **Disclosure of Interests**

There were none.

76/24 **Minutes of the Previous Meeting**

The minutes of the meeting held on 11 April 2024 were approved as an accurate record.

77/24 **Urgent Business (if any)**

There were none.

78/24 **Audit & Governance Committee Action Log**

The committee reviewed and noted the updates to the action log.

79/24 **Audit & Governance Committee 2024/25 Work Programme and Assurance Mapping Document**

The committee noted the 2024/25 Work Programme and Assurance Mapping Document.

The committee requested the formalisation of an annual item inviting the Chair of Scrutiny and Overview Committee to attend the committee meeting and to ensure the Chair of Scrutiny and Overview Committee was invited to committee meetings when Risk Deep Dive items were scheduled.

## **Section 24 Statutory Recommendation Report and Productivity Plan**

Jane West, Section 151 Officer introduced the report to the Committee.

Following the council's 14.99% increase to the council tax in 2023/23 the council's external auditors Grant Thornton had requested the council to demonstrate the council's budget had been properly controlled in 2023/24 and improvements had been made to the council's Value for Money arrangements.

The council's provisional outturn report for 2023/24 had been published and was available on the council's website. The report demonstrated that the council was within budget in 2023/24, one of only three London boroughs. It was noted that London boroughs were suffering from increased demand in Children's placements, SEN transport, Homelessness and whilst managed well in Croydon elsewhere also in Adult Social Care. The report illustrated the council had been within its budget and that the budget monitoring and adjustments had been accurate and well managed throughout the year.

The second part of the report set out the council's VFM response via the Council's Draft Productivity Assessment as requested by the Local Government Minister, Simon Hoare MP under the previous Government.

Councillor Jason Cummings, Cabinet Member for Finance noted the difficulty in framing the council tax rise and advised the response demonstrated the money had been spent in an efficient way and achieved the task of not cutting back council services further. The comments of Tony McArdle Chair of the council's Improvement and Assurance Panel within the report were noted as articulating that if it were not for the gap in Croydon's finances it would be operating as a normal council..

In response to questions from the Committee, Cllr Cummings advised that the council had no plans of raising council tax above the cap in any future year at this time. The £38 million gap in the council's finances was unsustainable going forward. However if the council could reach an arrangement with national Government to deal with this, it would be operating at the same level and subject to the normal pressures experienced by all councils. It was noted these negotiations were ongoing.

The thanked officers for the report and noted the public perception of the improvements which had taken place were likely behind. Also, the culture transformation was not articulated within the report and was a critical element of the improvements taking place.

Matt Dean, Grant Thornton noted the improvement work the council had realised and was on a journey to complete. The detailed VFM work would be reviewed for 2023/24 and the external auditors concurred with officers'

assessment. It was noted that there was a limit to the work local authorities could do under the current funding arrangements when in financial distress.

The Committee thanked the external auditors for their work and recommendations.

The Committee RESOLVED;

1. To note the Council's Provisional Outturn Report for 2023-24 which has delivered a balanced budget through tight budget assurance processes.
2. To note the Council's Draft Productivity Assessment, to be submitted as requested by the previous Local Government Minister, Simon Hoare MP.
3. To note that the above demonstrates how the following recommendation of the external auditor has been met: "Demonstrate clearly to Council tax payers how the additional Council tax for 2023/24 has been properly controlled and demonstrates improvements in value for money arrangements."

81/24

### **Governance of Transformation**

Jonathan Ross, Interim Transformation Financial Analyst provided an overview of the governance arrangements in place around the council's transformation strategy as detailed within the report.

The committee had requested the report to seek assurance on the governance structures underpinning the council's transformation strategy.

In response to questions from the committee, it was noted the Croydon renewal plan had been replaced by the Mayor's Business Plan and any remaining items were captured within the Annual Governance Statement (AGS). Cabinet received reporting on the Mayor's Business Plan quarterly and the IAP Exit Strategy was monitored closely by the Improvement and Assurance Panel, with the intervention anticipated to end within the next year.

The Corporate Management Team (CMT) closely monitored all improvement and strategic plans with dedicated meetings on each area. This ensured overall alignment and an awareness of any interdependencies or duplication between the different action plans.

The committee queried the governance of the 35 programmes within the Croydon Improvement Plan. Officers advised this was included within CMT's broader transformation oversight and saw dedicated time allocated for monitoring of each program.

Members noted some of the proposals made by Boston Consulting Group regarding cost savings were similar to historical proposals and emphasised the importance of culture change, to achieve the intended improvements to ways of working. It was requested for future programme reporting to include information regarding the pace and progress of culture change.

The committee raised concerns regarding the complexity and accessibility of reporting for councillors and residents across the improvement and transformation projects and queried whether new technology would be utilised to present progress in a clearer way.

Officers recognised the cultural challenges within the council. The improvement and transformation programmes had been collated under the Future Croydon banner and the council had sought support from three external consultancy firms to assist in achieving its transformation aims in recognition that there had been challenges previously. The consultancy firms worked closely together and a coordination board would be set up. There were areas of good progress regarding culture, such as engagement by managers in recent conferences.

The Oracle Improvement programme was a key area of improvement work and new areas of functionality were being introduced every three months. Focused training and guided learning was being provided.

The distinctions were noted between this report to provide assurance regarding the transformation programme's governance arrangements, the People and Cultural Transformation reporting received previously and reporting due on programme implementation, which would include an update on culture change.

The committee queried the approach to monitoring progress from a baseline and requested benchmarking against other local authorities across the improvement programmes. Officers advised the consultants were developing a baseline position to ensure common definitions, effective tracking of benefits and implementation. The committee requested baseline and benchmarking data to be included in future transformation programme reporting.

The committee queried the expected benefits of the transformation programme and whether there was an overall dashboard to monitor progress. Officers noted the work to define the expected benefits was at the early stages and agreed to feedback to the consultants. Delivery would be agreed in September 2024 and the expectations on benchmarking data would be included.

The committee noted the expectation for benchmarking data and a dashboard style report to enable the committee to interact with the data easily in future reporting.

In response to questions from the committee, officers clarified the improvement and transformation project definitions. The improvement projects were typically focussed improvements to a process or service, whereas the transformation programmes were larger and could potentially require complete reconfiguration of delivery.

The committee, RESOLVED to:

Note the updated governance arrangements to delivery of the programmes and projects found in the corporate improvement plan 2022 - 2027 and transformation plan, Future Croydon 2024 – 2029.

## 82/24 Progress

### **Revenue & Capital Monitoring Improvements: Updating Report on**

Allister Bannin, Deputy Section 151 Officer introduced the report to the committee. It was noted that the recommendations were now prioritised as previously requested by the committee.

In response to a request by the committee, officers agreed to include an expected date of completion for recommendations in future reporting.

The committee queried whether there were certain recommendations to be highlighted and whether the committee could support in progressing work in these areas. Officers advised several recommendations related directly to the council's annual accounts with actions required as the work to complete previous years' accounts was completed. The council's 2019/20 accounts were anticipated to be completed in the coming weeks and the external auditors were now progressing the 2020/21 accounts and officers were responding to related queries.

It was noted that the 2020/21 annual accounts were expected at the 31 October 2024 committee meeting.

The committee queried the difference in the prioritisation terminologies 'to be progressed' and 'underway' within the report. It was advised that underway indicated the work was in progress, whereas to be progressed indicated the recommendation had not yet been started and in some cases, this was due to interdependencies with other actions requiring completion.

The committee RESOLVED, to:

1. Note the update on progress against recommendations from the Opening the Books external review, as detailed in Appendix 1.
2. Note the update on progress against recommendations from the Capital Framework Improvement Plan, as detailed in Appendix 2.

3. Note that this is a further update to the previous report to Audit and Governance committee on 30 November 2023 and now includes an indication of priority for the outstanding actions.

83/24

### **Quarterly Whistleblowing Update**

Stephen Lawrence-Orumwense, Monitoring Officer introduced the report to the committee.

It was advised that following paragraph 4.4 of the report, the subsequent three paragraphs had been included erroneously.

The committee recognised the work by officers to improve engagement with the whistleblowing process and queried where Croydon benchmarked against other comparable local authorities. Officers advised that the benchmarking data was not yet available, however an average of one whistleblowing case per month indicated a good level of awareness within the organisation. 3 of the 5 cases had been staff relations matters.

The committee queried if there was further work to be done to improve awareness of the parameters of whistleblowing and to ensure issues were reported using the correct pathways. It was advised there had been an internal communication campaign for staff to raise awareness of the process and training was available. Officers intended to report to the Statutory Officer's Board and the Finance and Risk Internal Control Board. Other programmes within the council included the Guardian's programme which encouraged earlier reporting and Whistleblowing was utilised as a last resort. Officers advised the other reporting mechanisms at Croydon could impact comparison data with other local authorities without alternative routes of reporting in place.

The committee queried if the reporting of management/staffing disputes via the Whistleblowing procedure suggested alternative routes of escalation required more visibility. It was noted that the Whistleblowing procedure could be seen to raise the profile of an issue and as required HR colleagues were always involved in investigating employee relation issues.

It was noted the council was developing an approach to mitigate the escalation of issues to grievances via more informal initial intervention in the first instance.

The committee RESOLVED, to;

Note the whistleblowing referrals and outcomes.

84/24

### **Committee Annual Report**

Dave Philips, Head of Internal Audit introduced the draft Committee Annual Report 2023/24. It was noted that the committee reported its work to Council annually and the report was the committee's document. The foreword had not yet been updated for 23/24 and officers welcomed any

changes or additions from committee members to be sent directly to Dave Philips and the Independent Chair. The committee would receive the final version of the annual report for approval at a future meeting.

The committee noted the importance of capturing its impact during the previous two years along with its intended achievements in the coming year.

The committee queried if there was a way of capturing the individual contributions of members. It was agreed some detailed examples of improvement could be included to provide greater detail.

Committee members agreed to provide contributions to the annual report within two weeks.

Officers also requested committee members to contribute to the self-assessment circulated in May 2024, this would need to be circulated to newly appointed members of the committee.

85/24

## **Part A - Corporate Risk Register**

Malcom Davies, Head of Insurance, Anti-Fraud and Risk introduced the report to the Committee.

The report included publication of the full Part A Corporate Risk Register, which indicated a significant improvement in the council's risk reporting maturity and supported the broader transparency agenda for the council. This provided a complete overview for the Committee and enabled it to 'call in' any risk for a deep dive regardless of its current rating by risk owners.

The risk summary report included at Appendix A was noted, as requested by the Committee this indicated the direction of travel of risks in a condensed dashboard.

A summary of the intended developments for the risk register framework going forward, with input from the Committee and other key stakeholders was included within the report.

The Committee thanked officers for their work alongside the Independent Chair, Vice Chair, Independent Member, Chair of Scrutiny and Overview Committee and others to develop and improve the risk management framework further and for taking onboard feedback raised by members at the previous Committee meeting.

The Committee noted there were several risks which had been at red status since October 2023 and queried whether this was because nothing could be done to improve the risk score. Officers advised there were some areas such as the accounts which were anticipated to improve and finance where there were ongoing issues, particularly where for example demand was rising and therefore issues were anticipated to continue. The

risk register provided an accurate overview of where the council's risk profile was presently.

The Committee raised risks where there was a future rating which was inexplicably low, with no details provided within the future control measures to explain how the future rating would be achieved. It was noted that members had discussed with the dashboard developer the possibility of a field to provide a justification narrative for the future rating.

The Committee discussed the importance of clearly defined definitions for future risk rating, which should articulate a future target level for the risk, the anticipated future rating based upon the implementation of current control measures, and narrative around how this would be achieved. This would ensure the Committee was able to challenge the link between the actions and the reductions in the risk.

The Committee raised that there appeared to be inconsistencies in how risk owners were adopting the risk management framework, either due to differing interpretations of what was required or that risk owners were not using the risk management framework to manage risks.

Officers advised that a recommendation from the improvement work being undertaken was to ensure consistency in the terminology and noted Members would likely prefer the council to move towards using the standardised risk management terminology of 'inherent', 'residual' and 'target' risk ratings. At present the council's target risk rating was described as 'future' risk rating.

It was suggested that risks with anticipated scored reductions but insufficient control measures lacking could be called in by the Committee to seek further assurance.

Officers was advised that risk owners were always able to access the risk management system but were required to complete a formal quarterly review. The quarterly review was reported to Corporate Directors for oversight and risk officers supported them to challenge the risk statuses and narrative against the scoring guide. In some instances, not all risk management activity was being captured within the risk management system narrative and there was ongoing work to improve this.

The Committee noted usually future/residual scores were based on controls whereas a target score was based on ambition. For example, risk FR0065 on financial sustainability had the future control as red which illustrated the anticipated reality, whereas the target would ultimately be to balance the council's budget and therefore be green.

Officers advised there was currently no target rating within the risk the management framework, only future which was based upon the control measures being implemented. The Committee felt that a target rating would provide greater understanding of what the council wanted to



achieve and enable it the Committee to challenge the control measures in place.

Members advised they felt the council's risk appetite was a missing component within the reporting. Officers suggested there was an aspiration for the council to move towards this, however it was important to ensure the basics of correct interpretation of the terminology and provision of narrative were being done correctly first.

The Committee requested an overview report explaining the journey of improvement for the Council's risk management framework to be brought to a future committee meeting.

In response to questions from the committee around the need for refresher training on use of the scoring guide and whether it would be possible to standardise the narrative provided across departments.

In response to questions officers agreed to include the scoring guide reference table with future reporting to the committee and advised that the financial impact was included within this empirical scoring. It was noted that several of the risks included within the register could be deemed 'issues' and these were not reported separately but kept on the risk register for ease of reporting and engagement by officers.

Officers noted the committee's interest in developing the council's risk appetite and this would form part of the risk management improvements in the future.

The Committee had requested the Public Switched Telephone Network Risk CDS0043 for the deep dive at its September meeting and agreed to circulate suggestions for future risk deep dive areas to the Independent Chair and officers.

The Committee **RESOLVED**;

1. To note the contents of the corporate risk register as at July 2024 as set out in Appendix 1 Risk Summary Report and Appendix 2 Risk Detail Report.
2. To agree which risk(s) will be called in for a risk 'deep dive' at following meetings of the committee.

## **Part B - Corporate Risk Management**

**RESOLVED** that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3, Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The meeting ended at 8.35pm.